

Nebraska Central Telephone Company

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FILE

September 4, 1992

Ms. Donna Searcy
FCC
1919 M Street, N.W.,
Room 222
Washington, D.C. 20554

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MAIL BRANCH

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Dear Ms. Searcy:

Enclosed are the original plus 11 copies of The Nebraska
Central Telephone Company's comments pertaining to CC Docket
No. 92-133.

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Sincerely,

Andrew D. Jader

Andrew D. Jader
Vice President - Administration

enclosure

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of:)

Amendment of Parts 65 and 69 of)
the Commission's Rules to Reform)
The Interstate Rate of Return)
Represcription and Enforcement)
Processes)

CC Docket No. 92-133

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COMMENTS OF THE NEBRASKA CENTRAL TELEPHONE COMPANY

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The Nebraska Central Telephone Company, pursuant to the
Notice of Proposed Rulemaking and Order of the Federal
Communications Commission (Commission), respectfully submits
its Comments in the above-captioned proceeding. The Nebraska
Central Telephone Company is a local exchange carrier
providing service to approximately 6,000 access lines in
central Nebraska.

The Nebraska Central Telephone Company supports a
procedure that treats small companies fairly. The current
rules are very complex and time consuming. Simplification
and flexibility should be objectives of this proceeding.

The Commission proposes to continue the unitary rate of
return. The Nebraska Central Telephone Company fully
supports this proposal. The Nebraska Central Telephone
Company believes that the best surrogate group for the
interstate access services of small LECs is a composite of
the Bell Operating Telephone Companies (BOCs). The BOCs'

capital structures are readily available in the FCC Annual Report Form M. Their debt costs and percentage of total capital are easily determined, and can be simply averaged into a composite industry figure for application to the rate of return carriers. The BOCs provide about 80% of the industry's local exchange access lines, so their capital structures and debt costs would certainly represent the industry as a whole.

The Nebraska Central Telephone Company believes that any new rules should not use the capital costs or financial structures of the over 1,300 local exchange companies regulated under rate of return. The data for these carriers would be very costly to collect, would not be consistent within themselves, and in many cases would not be available. In order to avoid the immense complications of attempting even to collect the data, the Commission should rely on BOC data which is already prepared and filed with the Commission.

There is no need to collect and analyze capital structure and debt cost data for Tier 1 LECs other than the BOCs. These 30 carriers account for only 16% of the industry's access lines, and would add little value to the Commission's prescription process compared to the effort to process this large quantity of data. Adding the remaining Tier 1 LECs would add reporting burdens with little, if any,

benefit to the public interest.

Codification of any method for determining the cost of equity would severely restrict the Commission's flexibility, and could make future represcriptions more complex. This would be contrary to the Commission's simplification objectives.

The Commission proposes that a represcription be initiated only when capital markets change so significantly and persistently that LEC costs of capital might also change. This method unties the Commission from mandatory represcription and allows for the consideration of special circumstances at the time or in the near future. The Nebraska Central Telephone Company supports the proposal of the USTA on this issue.